

# BUDGET LETTER

<b>SUBJECT:</b> GENERAL STATEWIDE SECTIONS	<b>NUMBER:</b> 08-30
<b>REFERENCES:</b> BUDGET ACT OF 2008, (CHAPTERS 268 AND 269, STATUTES OF 2008)	<b>DATE ISSUED:</b> October 15, 2008
	<b>SUPERSEDES:</b> BL 07-25

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

The 2008 Budget Act contains changes to the General Statewide Sections that may affect many departments. Section 4.70 was added and Sections 4.04, 4.05, 4.85, 9.00, 11.15, and 24.80 have been eliminated.

The new Section 4.70 is summarized below.

## **SECTION 4.70 – ARCHITECTURE REVOLVING FUND DEFICIT RECOVERY**

Section 4.70 requires the Department of General Services (DGS) to begin recovery of the Architecture Revolving Fund (ARF) deficit beginning in 2008-09. The ARF is a depository account where funds are deposited for the estimated cost of special repairs, tenant improvements, space planning, and capital outlay projects for DGS client departments. During the past 12 years, when the costs exceed the original project estimate, DGS client agencies have completed projects with insufficient funding transferred to the ARF for the project. Consequently, DGS has accrued a deficit within the ARF totaling \$27.2 million. This Section ensures all agencies benefiting from ARF funded projects pay a share of this deficit.

Specifically, this Section requires DGS to work with Finance to allocate and collect at least half of the \$27.2 million deficit that has been incurred by client agencies. Each agency will be required to fully repay its portion of the deficit within the next five years. A separate Budget Letter will be issued that identifies DGS client agencies that have deficit projects, provide the total deficit to be repaid by those agencies, and identify a repayment schedule. This Section also authorizes the DGS to impose a surcharge on any new ARF projects to collect funds needed to recover the remainder of the deficit.

If you have any questions regarding these Sections, please call your Finance budget analyst.

Thank you!

/s/ Veronica Chung-Ng

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